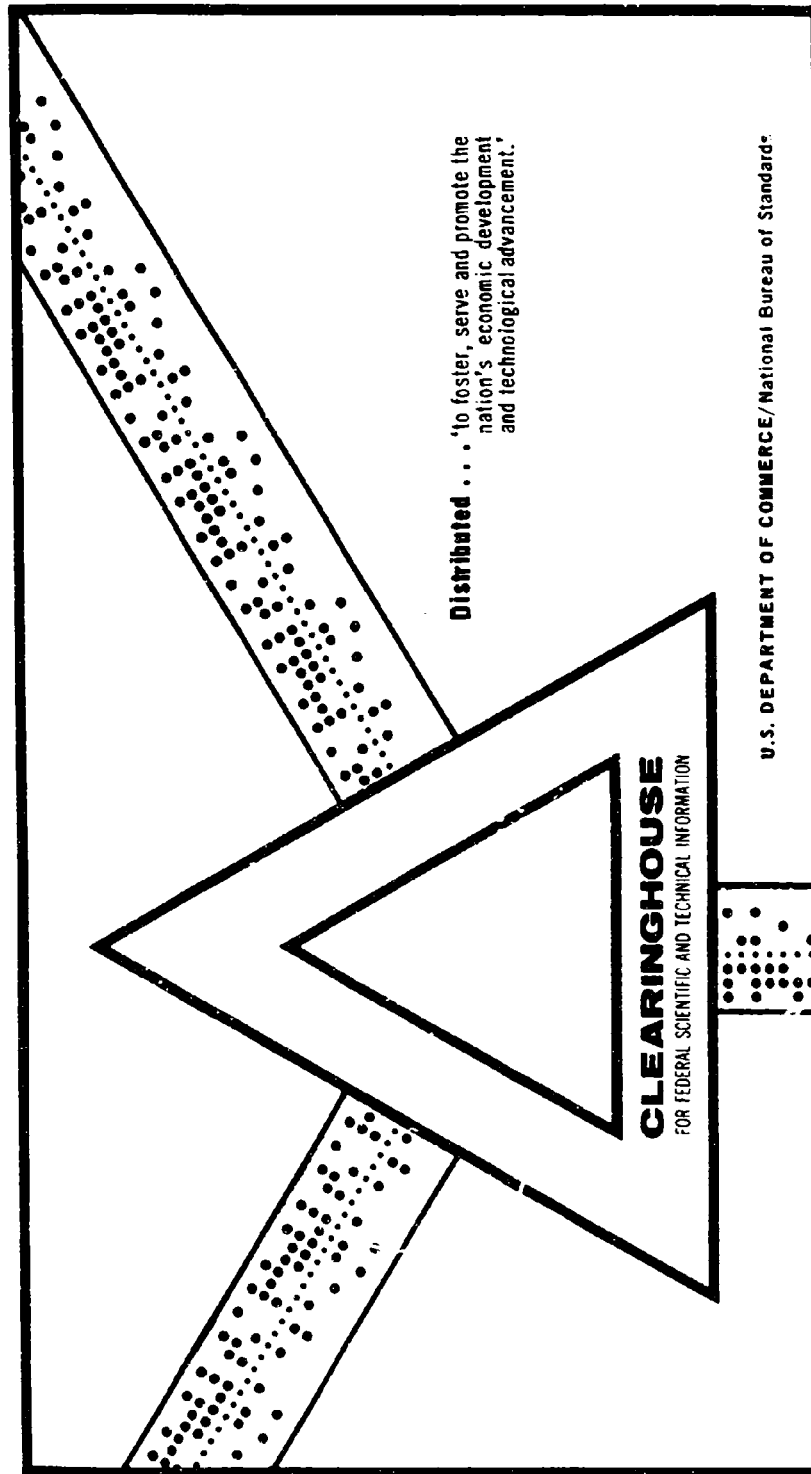AD 697 373

DEVELOPING A STRATEGY OF ORGANIZATIONAL CHANGE FOR THE DEPARTMENT OF STATE

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Santa Monica, California

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INTRODUCTION

After ten years in the Foreign Service, I was assigned for a year to RAND, a nonprofit corporation engaged in policy-oriented research and analysis on national security and other public policy problems. While at RAND I had an opportunity to carry out research on the operation of the foreign affairs community and, more specifically, on the organization and management problems of the State Department. The RAND Corporation provided me with the necessary supporting facilities and a congenial interdisciplinary research atmosphere. It also gave me an opportunity to broaden my perspectives in a variety of areas relevant to foreign affairs but with which I had had little contact prior to coming to RAND.

In the following pages I will attempt to set forth some of the tentative conclusions I have reached. The paper begins with a short summary of my thinking. In the rest of the paper I attempt to explain the reasoning behind these conclusions and suggest some approaches that might be useful in dealing with these problems.

I owe a debt to many of my RAND colleagues who helped shape my thinking during the past months, but I would like to express my particular appreciation to Paul Hammond, Albert Williams, and Yehezkel Dror

for their comments on the first draft of this paper and for the many stimulating discussions I have had with them. The responsibility for the conclusions reached herein is exclusively my own.

SUMMARY CONCLUSIONS

1. The State Department needs a carefully worked out policy of
organizational change* to enable it to play a more effective role in the
foreign affairs community.

2. The new policy should place a high priority on improving the
Department's capabilities in analysis and, on a somewhat different
level, management. In both of these fields developments have been
rapid since World War II.

New methods of analysis, many of which were originally developed
to deal with national security issues, should be adapted to a broader
range of foreign affairs problems. The managerial function of the
Department should be strengthened to include monitoring the decision-
making processes, identifying the points within the decision-making
system where better analytic capabilities would improve the quality of
the decisions, and determining how the required capabilities could
best be obtained. The Department needs these improved capabilities
in order to carry out its responsibilities as the President's principal
advisor in foreign affairs at a time when the rapidly evolving tech-
nology of communications, transportation, data processing and weaponry
have vastly increased the complexity of foreign affairs decision-making.

3. A major asset and, paradoxically, a major weakness of the State
Department is the Foreign Service career personnel system. The system pro-
duces a steady supply of experienced and dedicated people, but, like any
system based on an elite corps with a strong internal cultural tradition,
it tends to resist innovation. This resistance has served to isolate the
career service from recent developments in management and analysis.

4. Although informed and experienced judgment remains the central
requirement for foreign affairs personnel, an improved capability for
analysis is needed to supplement this requirement. Such a capability
when properly used would (a) by systematic structuring of the underlying
problems and assumptions, bring additional insights and understanding to
complex foreign policy issues, and (b) improve the Department's ability
to carry out its designated role in foreign affairs

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* The term "organizational change" is used in this Paper to signify
a broad range of innovation, and it is not limited to mere structural
modification in the organization.

5. The concept of planning in foreign affairs should be revised
to place more emphasis on the analysis of present and potential foreign
policy issues and less on pre-packaging specific decisions under assumed
future circumstances.

6. The "substantive" activity of the State Department needs a
stronger managerial component. Previous Secretaries and Under Secre-
taries have viewed themselves primarily as senior foreign policy
experts and advisors to the White House. This role has left them
little time to function as senior managers of a complex organization
with difficult managerial and organizational problems. There is a
need for greater concern with the "process" of policy-making as opposed
to the specific foreign policy issues that have traditionally monopo-
lized most of the time and effort of "substantive" officers at all
levels.

7. An important program is now underway to improve the Depart-
ment's substantive information systems. This should be expanded to
include the improvement of the management information systems. Since
the flow of information is the life blood of the Department, decisions
concerning the information flow are, in fact, basic decisions on how
the Department will be organized and how its operations will be con-
ducted. The present program should be broadened to include a thorough
analysis of the Department's organization and decision-making processes.
Such an analysis will be required if the improvements are to do more
than mechanize the storage and retrieval of documents and cope more
successfully with the more difficult problem of processing the ever-
increasing avalanche of information into a more manageable form for
the end users.

8. The new policy should direct itself to the task of developing
a new concept of "professionalism" among foreign affairs personnel.
This will require some change in attitudes among career personnel,
more effective in-service training opportunities, and a reduction
in the isolation of the career service from professional developments
outside their own circle, particularly in the fields of management
and analysis.

9. The specific responsibility for recommending a new organiza-
tional policy should be assigned to one senior official. His office

should also provide a focal point for (a) increased participation of the career service in formulating the strategy and (b) increased contact with organizations external to the Department (e.g. management consultants, academic consultants, foundations, other governmental agencies) that have had experience in dealing with the problem of improving capabilities in other organizations.

THE NATURE OF THE PROBLEM

Since World War II, radical developments in the technology of
communication, transportation, industrial production, and the weapons
of war have brought fundamental alterations both in the nat __ of the
international system and in the nature of our own society. Within the
United States and other Western countries, new techniques of analysis
and new concepts of management are being developed as instrumentalities
to deal with the problems created by the new environment.

As is common with organizations that depend heavily upon an elite
career service with a strong internal cultural tradition, the Depart-
ment of State has been slow to adopt the new techniques and adjust to
the changing requirements. And the service is probably correct in
exercising caution towards many suggested changes. The area of foreign
affairs is one of the least amenable to analytic approaches,[1] and many
of the management concepts that have been most successful in private
corporations are not directly transferable to foreign affairs. On
the other hand, there is considerable concern that the State Depart-
ment's organization and methods of operating, evolved in a more
leisurely age, are becoming increasingly inadequate. Foreign affairs
are sufficiently important to justify the expenditure of considerable
time and effort in attempting to adapt the new techniques and concepts
wherever they can make a significant contribution.

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[1] For a statement on the difficulty of applying analytical tech-
niques to foreign affairs see Thomas C. Schelling, "PPBS and Foreign
Affairs," Memorandum prepared at the request of the Subcommittee on
National Security and International Operations, Committee on Government
Operations, U.S. Senate, 90th Congress, 1st Session (Washington:
Government Printing Office, 1968).

PREVIOUS EFFORTS TOWARDS CHANGE

In 1962, William J. Crockett became Deputy Under Secretary of
State for Administration and proceeded to develop a program of organiza-
tional innovation. He experimented with improved methods for budgeting
resource programs, established a center for international systems re-
search to stimulate interest in social science research and systems
development, expanded the effort to improve the Department's substan-
tive information systems, built up a career development and counseling
staff, attempted to establish a more systematic program of personnel
assignments, and began a program to improve the Department's organiza-
tional effectiveness through increased attention to interpersonal
relationships within the organization.[2]

Some of these programs were controversial and some were of ques-
tionable utility. Others were more successful, but with Crockett's
departure, administrative policies became considerably less innovative.
A renewed effort, taking into account the lessons learned during
Crockett's tenure, is now essential if the Department is to continue
the process of change required to improve its capabilities.

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[2] For a detailed account of the managerial innovations adopted
during Crockett's term in office see John Ensor Harr, The Professional
Diplomat, Princeton University Press, 1969. Also John Ensor Harr,
Recent Reform Efforts in U.S. Foreign Affairs, unpublished manuscript,
June 1967.

ASSIGNING RESPONSIBILITY FOR RECOMMENDING CHANGE

The responsibility for developing and recommending a new policy of organizational innovation should be assigned to one senior official who is not burdened by other operational responsibilities. Since the position of Assistant Secretary of State for Administration is now vacant, this result could be most easily achieved by appointing an Assistant Secretary and transferring to him the day-to-day operational responsibility for administration. The Deputy Under Secretary for Administration would then be free to devote his efforts to developing the new policy of organizational change.

The Deputy Under Secretary would need a small staff including career foreign service officers with substantive experience and "outsiders" with relevant experience and training. In working out the new strategy his staff should enter into a continuing dialogue with the career service and with qualified nongovernmental organizations. In order to make full use of resources outside of the Department, the Deputy Under Secretary should have a budget adequate to enable him to obtain research and consulting services as needed from outside organizations.

The Deputy Under Secretary should also be given the responsibility for monitoring the decision-making "process" within the Department of State. In carrying out this responsibility, he should be concerned with the adequacy of the inputs[3] into the decision-making system, the timeliness of the decisions, the capability of the system to carry out analysis and develop alternatives, and the ability of the systems to relate decisions to more general national policies as determined by the political leadership. In carrying out this responsibility his primary concern should be with the way in which decisions are made and not with the decisions themselves. In recommending organizational change, the Deputy Under Secretary should include measures designed to improve the operation of the decision-making system when he believes that such measures are required.

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[3]The term "inputs" is meant to include relevant information as well as value judgments as determined by the political process. "Adequacy of inputs" does not mean all relevant inputs. At some point the cost of obtaining additional inputs exceeds their value.

SOME PROBLEMS FOR THE AGENDA

In evolving the new policy, the Deputy Under Secretary will need
to deal with a number of existing problem areas. Without attempting
an exhaustive listing of these problems, I will outline some salient
examples and make some suggestions for new approaches.

I will start with a description of the general approach which I
believe should be used to develop a new strategy of organizational
change. Following this, I will suggest some approaches to more specific
problems. For convenience, I have classified the specific problem
areas under the categories of organization, analysis, budgeting, and
personnel.

A BASIC APPROACH TO ORGANIZATIONAL CHANGE

ORGANIZATIONAL GOALS AND PERFORMANCE CRITERIA

The Deputy Under Secretary for Administration should begin a long-range program designed to create more specific operational definitions of the role of the State Department within the Foreign Affairs community. The Department needs a more specific idea of what it should be doing in order to improve its performance. A better role definition would provide a basis for the establishment of criteria for the systematic evaluation of organizational performance. The Department cannot define its role in a vacuum, but it can take the initiative in attempting to establish a greater consensus with the other agencies of the Government, the Congress and the public. An improved consensus with other agencies would lead to more effective performance for the entire foreign affairs community, and an improved consensus with the Congress and the public would help bring State Department performance into line with the expectations held by those upon whom the Department must ultimately rely for support. As a starting point, a comparison could be made between (a) the Department's prescribed role as expressed in current legislation, regulation, and executive orders; (b) perceptions of the State Department role held by the White House, other agencies of the Government, Congress, the public, and by State Department personnel; and (c) its actual role as currently practiced in the field and in Washington.

For example, the Department's role in coordinating foreign affairs has been particularly difficult to define in operational terms. Previous attempts did not work well because the specified allocations of function conflicted with established bureaucratic power realities and, in some cases, with legislative prescriptions. To be effective, a definition of role for the Department must be understood and accepted by the other agencies of government and supported by the Congress and the White House.

ORGANIZATIONAL ANALYSIS

As the Department's role becomes more precisely defined, the
Deputy Under Secretary's staff should carry out a series of studies
examining the adequacy of the existing organization in the light of
its defined role. Recommendations for organizational change could then
be based on the more solid underpinning of accepted performance criteria.
The lack of consensus on what the State Department should be doing and
whether it was performing well or poorly in terms of some established
criteria was a major reason for the indifferent success of some of
the previous reorganization efforts.

SPECIFIC PROBLEMS

ORGANIZATION

Internal Organizational Problems

It is difficult to separate the Department's organizational prob-
lems from the problems of the entire foreign affairs community, or for
that matter, from the problems of the entire Federal Government.
Certain problems, however, appear salient to most observers. One of
these is the excessive workload placed on the senior members of the
hierarchy of the State Department. In recent years the Secretary and
Under Secretary have been involved in an almost continuous series of
crises with little time left over for other activities such as long-
range planning, organizational problems and in-depth analysis of funda-
mental foreign policy issues. Whenever two or more crises occurred
simultaneously, the demands on the senior officials became almost over-
whelming and problems of somewhat less critical importance had to be
given a lower priority. Alternative organizational arrangements are
needed to reduce the excessive workload -- perhaps by more decentral-
ization of decision-making combined with more comprehensive policy
guidance from senior officials.

Two closely related problems that seem to indicate somewhat con-
flicting solutions are (a) policy recommendations sometimes fail to
receive proper review in the context of global considerations, and (b)
the expertise available at the Department's lower levels is sometimes
not fully utilized, particularly during crisis periods when time pres-
sures are intense. At present most policy recommendations during non-
crisis periods originate in the regional and functional bureaus and,
as might be expected, bear a distinct orientation towards the problems
of the originating bureaus. Clearance procedures provide some safe-
guards, but the officials senior to the Assistant Secretaries need
stronger staff capabilities to review policy recommendations in a
broader context. During crisis periods, on the other hand, policy
recommendations may originate at high levels and be implemented without
reference to lower-level personnel.

Problem (a) seems to call for an expanded role for senior officials with global responsibility in policy-making while (b) seems to require an expanded role for the lower-level personnel in the regional and functional bureaus. In fact, the two are not necessarily in conflict if they are approached as a single problem in strengthening the two-way learning process between the regional experts and the officia s with global responsibility.

A somewhat larger staff for the senior officials with g obal responsibility could serve as the link with the regional experts and also provide better downward communication from the senior officials to lower-level personnel. The latter is especially important in increasing the awareness of the lower-level personnel of the concerns and constraints that operate at senior decision-making levels.

Information Systems and Organization

Many of the Department's organizational problems can be viewed in the context of the current program to improve the Department's substantive information systems. Charting the flow of information is one way of analyzing the organization of the Department and any attempt to change the information systems will have far-reaching consequences for the way the Department functions.

In its earlier stages, the current program is directed primarily toward improving document storage and retrieval. Organizational analysis will become more relevant when attempts are made to further restrict the flow of raw, unprocessed information and to improve information processing prior to its receipt by those who occupy policy positions. The program should also be expanded to include management information systems as a means of improving decisions on budgeting, personnel, and organizational planning.

The designers of an improved information system must also take into account the needs for better capabilities for analysis within the system.

ANALYSIS

Analytic Capabilities

A variety of new techniques of analysis have been developed in
recent years for the systematic examination of policy issues. The
State Department, for several reasons, has been slow to adopt these
techniques to its own operations. Other agencies, particularly Defense
and the National Security Council, have been more aggressive in exploit-
ing the new techniques and have used them to enhance their influence in
the foreign affairs community.

Techniques of analysis should not be confused with the use of
computers and differential equations. Quantitative techniques have an
obvious application in certain types of problem solving, but the essen-
tial features of analysis are also useful in dealing with problem areas
where computers and higher mathematics have no application.

Systems analysis is a way of looking at problems. It emphasizes
the explicit statement of assumptions and the viewing of problems in
the context of a postulated operational system or model. It involves a
systematic examination of the costs and benefits of possible alternative
action and gives explicit recognition to elements of uncertainty. In
its more highly developed forms it also contributes to the clarification
of goals or objectives.[4]

The need for improved analysis in no way diminishes the need for
individuals in decision-making and policy-making roles with highly
developed skills for synthesis. Analysis breaks down problem areas into
more intellectually manageable subproblems as a means of acquiring better
understanding of the problem areas. Synthesis uses the results of analy-
sis, value judgments, and all relevant information to grasp a problem in
all of its aspects and make creative, policy-relevant judgments.

The following figure indicates the interrelationships of these
functions:

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[4]For a more complete discussion of the potential contribution of
systems analysis to public policy see E. S. Quade, The Systems Approach
and Public Policy, The RAND Corporation, P-4053, March 1969.

Figure 1
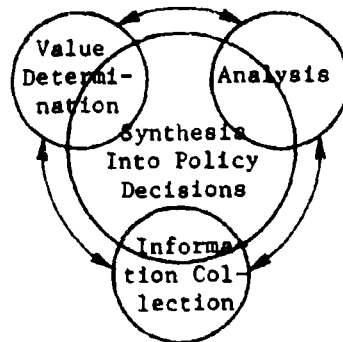
None of these functions can be performed in isolation from the others and all require judgment and creativity. Value determination is primarily an end product of the domestic political process, and the information collection function is shared between the State Department and other agencies of government. The analysis function is also shared with other agencies, but the coordinating role of the Department would be strengthened if State Department personnel acquired greater sophistication in the use of analytic techniques, particularly in political/strategic and technological areas.

Political/Strategic Analysis

It is generally agreed that the rationale for a military establishment of a particular size and structure is always based on fundamental political assumptions concerning the role of the United States in the international arena, and the anticipated future state of the international system. The State Department, however, has played a relatively minor role in the determination of the size and composition of the Defense forces. A strong political/strategic staff -- perhaps headed by an Assistant Secretary -- will be needed if the Department wishes to fulfill its role as principal advisor to the President on foreign affairs in this important area.

Scientific and Technological Analysis

Increasing attention has been given to the problem of how governments, dominated by elected officials and senior career civil servants with relatively little scientific or technological education or experience, can respond intelligently to the many increasingly important problems of public policy with significant scientific and technological components.[5]

This problem is particularly acute in foreign affairs, especially when it touches upon questions of national security. Political/scientific judgments affecting our relations with other countries are becoming increasingly important, not only in the vital field of the strategic nuclear balance, but in a variety of other fields such as space exploration, environmental pollution, development of the resources of the sea beds, peaceful uses of atomic energy and telecommunications.

One experienced observer who served for almost five years on the staff of the President's Science Advisory Committee made the following comment on the performance of the State Department in dealing with foreign policy areas with significant scientific or technological components. "Certainly, in the subjects touched on in this work, the Department has not shown the degree of flexibility, of adoption, of appreciation of new situations and new relationships that the scientific age demands. The quality of the Department's advice to recent Presidents on issues with important technological components has not been what it should have been. Moreover, the Department has too often on such issues been the virtual prisoner of the views and desires of the technical agencies of government rather than an independent source of policy."[6]

Skolnikoff recognized the problems faced by the Department in developing greater competence in science and technology but recommended that a stronger effort be made to recruit a scientist with political

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[5] For a detailed discussion of this problem see Don K. Price, The Scientific Estate, Harvard University Press, 1965.

[6] Eugene B. Skolnikoff, Science, Technology, and American Foreign Policy, The MIT Press, Cambridge, 1967, p. 251.

experience and a personal interest in foreign affairs for the position
of Director of the Department's Office of International Scientific and
Technological Affairs. He also suggested that the recruitment task might
be easier if the incumbent were given the rank of Assistant Secretary.
Additional status for the Director of SCI might also assist the process
of developing closer working relationships between SCI and the regional
and functional bureaus.

To support his plea for strengthening the Department's scientific
and technological capability, Skolnikoff emphasized the relevance of
scientific achievement to foreign policy interests. "Both space and
atomic energy are fields that are peculiarly relevant to a nation's
foreign policy interests. They require massive investment of resources,
they require advanced scientific and technological competence, they are
dramatic and symbolic of the age, and they are related to military capa-
bility in fact and even more so in the public's view. In short, they
provide an arena for highly visible accomplishments in science and have
come to represent a nation's competence and capability far beyond the
actual programs themselves. They are obvious instruments of a policy of
prestige in an age when surrogate demonstrations of power must serve
instead of the real thing."[7]

In an increasingly technical age, the Department has had to rely
more and more on other agencies for scientific and technical guidance.
The Department's role as the President's principal foreign policy advisor
requires some strengthening of its own scientific and technological
capabilities if it is to place the recommendation of the other agencies
into their proper international political and economic setting.

Types of Information Required for Analysis

A careful examination of the various types of information utilized
by the Department is the first requirement for improving information
systems and enhancing the Department's capabilities for analysis. Dis-
tinctions are needed between readily quantifiable information (e.g.
population, trade, natural resources, and military capabilities) and

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[7]Ibid., p. 211.

information on less concrete but equally important phenomena such
as the social and psychological behavior patterns of foreign cultures.
A further distinction is needed between information immediately relevant
to current problem areas and information of value primarily in a longer-
range context.

Quantitative information is, of course, the easiest to process with
the new information technology. Knowledge concerning human behavior is
more difficult to process, but major efforts are now being made in the
academic community to increase our ability to record and communicate this
type of information.

Few foreign service officers are familiar with the work being done
in the behavioral sciences. This situation reflects their belief that the
informed judgment of experienced officers who have lived and worked with
the people of a foreign culture is still the best and most reliable source
for this type of information.

This may be true, but specialized information that exists only in
the mind of a particular officer is lost when that officer is rotated to
a new assignment. The Department should continue to scan the work of
the behavioral scientists for possible improved methods of recording and
transferring information on human behavior.

The pressures of decision-making on senior policy officials tend to
screen out information that is not immediately and directly relevant to
current problem areas. The organizational challenge is (1) to devise
a system that will make it easier for policy officers to obtain back-
ground information of all types whenever it is relevant to their imme-
diate concerns, and (2) to familiarize the political leadership with the
potentialities of improved information systems.

In addition to the development of improved substantive information
systems, there is need for a systematic examination of management in-
formation requirements. Budgeting, personnel planning, and organiza-
tional planning are all dependent upon accurate and timely information.
If the "process" of foreign affairs is to become a subject of greater
concern to senior officials, a system will be needed to provide them
with better information on how well the Department is functioning.

Planning and Analysis

Decision-making in foreign affairs is frequently criticized for being reactive and controlled by events. Better forward planning, it is alleged, would allow us to exercise better control over events and use them for our own purposes. In practice, however, effective and cooperative working relationships between planners and policy officers have been difficult to achieve.

Within the State Department, planning is usually conceived of as contingency planning and involves hypothetical decision-making under a set of assumed circumstances. This approach works reasonably well in dealing with military contingencies. It may be more difficult in foreign affairs where the number of possible relevant future circumstances must be drawn from a wider range of potentially relevant factors. Contingency planning that attempts to prepackage specific decisions based on specific sets of circumstances is seldom very useful in crisis periods because at least some of the prevailing circumstances are never adequately foreseen. Apart from the many unforeseen contingencies that may develop in the international arena, it is particularly diffi- cult for a State Department policy planner to predict the state of Congressional and public opinion, the interplay of bureaucratic rival- ries within the Government, and the political pressures which will be brought to bear on the White House at some future point in time.

On the other hand, planning that limits itself to longer-range considerations and more abstract conceptions becomes further removed from day-to-day policy operations and becomes increasingly irrelevant to harried policy officers.

How can planning be improved and made more relevant to policy? An organizational policy designed to cope with this problem might begin by emphasizing the role of analysis in planning and de-emphasizing the role of synthesis. The function of planning would then shift from an attempt to prepackage decisions to an attempt to develop useful informa- tion on a particular problem area, but without the pretense of postula- ting all relevant considerations that might influence the decision- maker when the time for decision arrives. The planner could then devote his efforts to the preparation of relevant and important future inputs

to the policy-making process. He would not, however, attempt to
formulate action recommendations since his analysis would be directed
at some, but not all, of the relevant considerations.

Planning can also be conceived as a systematic framework for
bringing expert judgment to bear in a somewhat longer time frame than
is utilized in day-to-day decision-making. Political/strategic gaming
using experts as players and the Delphi techniques[8] for refining expert
opinion are two systematic means of using experienced judgment. Plan-
ning of this type is most useful as a means of identifying possible
future developments that would be of concern to policy makers.

BUDGETING

Resource Program Budgeting

The Department's role as coordinator in foreign affairs would
be significantly strengthened if it gained more influence in the
budgeting of overseas programs. For a number of reasons the Department
has resisted previous efforts to increase its role in the budgeting
process.[9] Some modest steps have been taken in recent years, including
the Country Analysis and Strategy Papers (CASP) prepared in the joint
State/AID Latin American Bureau and the presentation of budget issues
to the SIGs and IRGs by the Bureau of the Budget in the fall of 1968.
These initial measures have barely started the Executive Branch down
the road towards a unified foreign affairs budgeting process based
on United States foreign policy goals. For the most part, budget
decision-making remains uncoordinated and fragmented among the many
agencies with overseas programs. The State Department is probably
the only agency with personnel sufficiently experienced in the various

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[8] For a detailed explanation of the Delphi method see Norman Dalkey,
The Delphi Method: An Experimental Study of Group Opinion, The RAND
Corporation, RM-5888-PR, June 1969.

[9] For an historical analysis of these previous efforts, see
Frederick C. Mosher, Program Budgeting in Foreign Affairs: Some Reflec-
tions. Memorandum prepared at the request of the Subcommittee on
National Security and International Operations of the Committee on
Government Operation of the U.S. Senate, 1968.

aspects of foreign operations to coordinate the budget process and to
analyze the various programs across budget categories in terms of U.S.
goals.

Although the State Department has generally been unenthusiastic
about the application of quantitative techniques to foreign affairs,
the budgeting process inescapably involves quantification. The organiza-
tional challenge is to create a system within which the expert judgment
available in the State Department can be more effectively utilized in
this quantification process. A new organizational policy should devise
procedures that would involve State Department personnel more actively
in an integrated budgeting process.

As a first step in improving the Department's capability for
resource program analysis, it would be useful to examine the reasons
for the failure of the previous proposals. To what extent were these
failures a result of weaknesses inherent in the proposals and to what
extent were they a result of inadequate concern with the strategy of
implementation? Given the climate of attitudes within the State Depart-
ment, where quantitative analytic techniques have long been viewed
with suspicion, a careful implementation strategy will be necessary
to explain the goals and rationale of any new program.

State Department Budgeting

Decisions concerning future internal budget requests for the State
Department and the overseas missions will be dependent on a variety of
issues, many of which are discussed elsewhere in this paper. A new
organizational policy may require some increase in funding levels
particularly for programs designed to bring about changes in the
traditional ways of operating within the Department.

Programs designed to enhance the Department's capabilities in
management and analysis will require some additional funding for training,
external research, and perhaps some additional funded positions within
the Department. These additional programs, if carefully developed,
would provide a high yield to the taxpayer by creating a more effective

State Department, but the Department's past reluctance to devote greater resources to develop capabilities in these areas makes it both more difficult and more imperative that the case for additional funds now be well presented.

PERSONNEL

Personnel Development

In the personnel field, a system of incentives is needed to encourage career officers to acquire a better grasp of the new knowledge and techniques that have become increasingly important in recent years. Exposure to the new techniques should in no way be considered a substitute for the traditional skills of the foreign service officer which remain the central requirement for the conduct of foreign affairs. At present, however, the personnel system provides inadequate career incentives to encourage officers who have the traditional capabilities to broaden their competence to include a familiarity with recent developments in the fields of management and analysis.

Although more rapid promotions could become an important factor in creating new incentive patterns, the prestige afforded to particular types of jobs is even more important for most career officers. The incentive pattern could best be improved by assigning able officers with good records to training programs in management and analysis -- perhaps at universities or "think tanks" -- followed by assignments to high-prestige substantive jobs such as Country Directors or Deputy Chiefs of Mission. When such training assignments, like the present senior tr.ining assignments, acquire the reputation of being stepping stones to high-prestige jobs, a new and effective incentive structure will be created. Increased sophistication in the techniques of analysis of economic, political/strategic, and technological problems and a capacity to develop and utilize human and material resources more effectively should be two of the more important qualifications for promotion to senior officer positions.

The Department now provides some training opportunities in analysis. The organizational problem is to create an incentive structure that makes such assignments more attractive in the context of the officer's subsequent career.

Junior Officers and Recruitment

Increased job satisfaction for junior officers is another urgent personnel requirement. Under the traditional system, junior officers have been required to serve an apprenticeship in consular or other routine assignments that in many cases provided only marginal training value. When this system evolved there were few alternative opportunities for a young man interested in the field of foreign affairs. Today, the most able graduates of our universities have a much wider range of opportunities. "Think tanks," foundations, banks, business firms, research fellowships, and the rapidly expanding academic community all offer opportunities that may be more directly related to the abilities and aspirations of the more able graduates than the traditional State Department apprenticeships. At the same time, the gap between the intellectual environment of the universities and the internal cultural environment of the Foreign Service has been widening. Some of the better young men entering the Service from the universities are distressed over the apparent lack of interest in the concepts and techniques they learned in the universities and have left the Service in the hope of finding a more congenial working environment. These trends have been further reinforced by the current tendency of the academic community to redirect its attention from foreign affairs to domestic problems.

The Department's failure to give the Foreign Service examinations for two years has had a seriously adverse effect on the attitudes of college students towards a Foreign Service career. Some students who have pointed towards the Foreign Service in high school and college are understandably bitter and others have prudently decided to direct their efforts towards more reliable employers. The decision to reduce the intake of FSO's and cancel the examinations for two years demonstrated a surprising lack of concern towards the future well-being of our foreign affairs establishment. It has also helped create a top-heavy rank structure in the Foreign Service that will plague administrative officials for some years to come.

In a recent address to Harvard students, McGeorge Bundy said, "It would be hard to demonstrate that the best way to affect foreign

affairs is to enter the Foreign Service."[10] The fact that this state-
ment came from a man so intimately acquainted with national security
affairs and so well experienced in high-level government operations
should provide considerable grounds for concern.

Managerial Personnel

The contrast between modern academic training and the State Depart-
ment is probably greatest in the field of management and administration.
The Department has been slow to adopt the current concepts and tech-
niques of management that are taught in the schools of business and
public administration and practiced in many successful corporations.
The problem of developing managerial talent is even more acute than
that of developing able substantive officers. Within the Foreign
Service, administrative jobs have less prestige than substantive work
since most officers identify administration with routine housekeeping
activity. With a few outstanding exceptions, most substantive officers
at all levels have avoided administrative assignments. As a result
the Department has been unable to develop a corps of senior officers
with both substantive and managerial experience adequate to evolve and
sustain a dynamic management strategy responsive to the changing condi-
tions of the times. This has become a vicious cycle since the approaches
to administration now practiced in the Department discourage many
officers from seeking administrative assignments.

This situation could be corrected if able substantive officers
were given opportunities to acquire greater familiarity with the new
concepts and techniques and then utilized in managerial positions
where they would have the satisfaction of seeing their efforts bring
about significant results. The activities of the American Foreign
Service Association demonstrate that there is a group of "concerned"
officers who are seriously interested in developing a more adequate
managerial strategy. If these officers were given the opportunity for
management training and assignments to managerial positions, and if
such training and assignments improved rather than decreased their

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[10]McGeorge Bundy, The Strength of Government, Harvard University
Press, Cambridge, Massachusetts, 1968, p. 87.

chances for later assignments to prestige jobs such as Country Directors and Deputy Chiefs of Mission, their interest in managerial training and assignments would be significantly increased.

CONCLUSION

In conclusion, the Department of State and the Foreign Service are passing through a period that requires significant organizational change. The career service with its elite corps tradition has served the U.S. Government well by providing a steady supply of experienced and dedicated officers to man the foreign affairs establishment, but the career system has remained relatively isolated from developments in other areas that are becoming increasingly relevant to foreign affairs.

The growing complexity of foreign affairs has increased the requirement for systematic analysis of foreign policy issues, particularly those with important political/strategic and technological components. The Department has need for a stronger analytic capability.

On a somewhat different level, the need for an improved capability for analysis raises the question of how the required capability could be developed and how it could be integrated into the decision-making system. These questions indicate the need for an improved managerial/organizational capability to bring about the required changes in the Department's operations and in the operation of its overseas missions.

In both of these areas, considerable progress has been made since World War II, and the Department and the Foreign Service could benefit from greater contact with the organizations (academic community, "think-tanks," and management consultants) where the new techniques and concepts have been developed.

The need for changes does not imply that the traditional qualifications for foreign affairs decision-making are no longer valid, nor does it imply that the traditional tools of diplomacy are no longer needed. The new capabilities are required to supplement, not replace, the traditional skills and qualifications. Organizational change, if it is not to do more harm than good, should be brought about with the full involvement of people experienced in the operations of the foreign affairs community.

At the same time, little can be accomplished unless the effort for change reaches a "critical mass." Piecemeal efforts for change are

usually ineffectual. The system manages to preserve the status quo
by making compensating adjustments elsewhere in its operations.

An effective strategy for organizational change will therefore
require (1) use of outside resources; (2) involvement of the career
service; (3) support at senior levels; (4) adequate resources to carry
out a coordinated program at a level above the "critical mass."

SUMMARY OF RECOMMENDATIONS

ASSIGNING RESPONSIBILITIES FOR ORGANIZATIONAL CHANGE

1. Appoint an Assistant Secretary for Administration and transfer to him the responsibility for the day-to-day administrative operations of the State Department.

2. Give the Deputy Under Secretary for Administration the responsibility for developing and recommending a strategy of organizational change.

3. Make the Office of Deputy Under Secretary for Administration the focal point for (1) greater involvement of the career service in developing a strategy of organizational change, and (2) increased contact with outside resources (e.g., academic community, consulting firms, and "think tanks").

4. Assign to the Deputy Under Secretary the responsibility for the continuous monitoring of the "process" of decision-making within the State Department. In carrying out this responsibility he should be primarily concerned with the adequacy of the inputs into the decision system, its capacity for timely action, its ability to relate to national values as determined by political leadership, and its capability for developing and examining alternative courses of action.

PROVIDING RESOURCES FOR CHANGE

5. Provide the Deputy Under Secretary with a budget for outside research and consulting services and a small staff including both career foreign service officers and "outsiders" with relevant experience.

DEVELOPING A STRATEGY FOR ORGANIZATIONAL CHANGE -- GENERAL APPROACH

6. Attempt to establish a better inter-governmental consensus on the role of State Department.

7. Attempt to establish more specific performance criteria.

8. Evaluate the Department's organization in terms of its capability to fulfill its designated role and meet the established performance criteria.

9. Recommend changes including an implementation strategy as required to improve performance.

DEVELOPING A STRATEGY OF ORGANIZATIONAL CHANGE -- SOME MORE SPECIFIC SUGGESTIONS

A. Senior Leadership

10. Search for opportunities to decentralize decisic,-making at upper levels of the State Department hierarchy accompanied by a strengthening of the flow of policy guidance downward from senior officials.

11. Expand staff support for senior officials with global responsibility while increasing opportunities for mutual learning between the expanded staff and the experts in the regional and functional bureaus. Strengthen the downward communication of the concerns and constraints that operate at senior levels.

B. Analytical Capability

12. Develop stronger capabilities for analysis, particularly the analysis of issues with significant political/strategic or technological components, by more focused recruitment, expanded training opportunities, and revision of the incentive system.

13. Establish additional incentives by giving more weight to sophistication in analysis when promoting officers to senior officer grade and when assigning them to "program direction" positions.

C. Foreign Affairs Budgeting

14. Involve State Department personnel more deeply in an integrated foreign affairs budgeting process.

D. Information Systems

15. Analyze information requirements into more specific categori,s and relate efforts to improve the information systems more directly t› a strategy for organizational change.

16. Expand the program of improving substantive information systems to include management information systems.

E. Planning

17. Increase the emphasis on analysis and reduce the emphasis on contingency planning.

18. Explore uses of political/strategic gaming and Delphi techniques in planning.

F. Management

19. Develop stronger managerial capabilities through expanded training, more focused recruitment, and increased contact with professional developments in the field of management.

20. Increase the emphasis on managerial experience and capability in promoting officers to senior grades and in assigning them to "program direction" positions.

G. Personnel Resources

21. Increase work satisfaction of junior officers.

22. Maintain a steady level of recruitment of junior officers.